

From: PageK@parl.gc.ca <PageK@parl.gc.ca>
To: Fonberg R@DM@Ottawa-Hull
Sent: Wed Feb 16 17:23:25 2011
Subject: F35

Dear Rob,

In reference to our information request dated November 17th 2010 (http://www2.parl.gc.ca/Sites/PBO-DPB/documents/Info_Request_036.pdf), I would like to acknowledge the receipt of the approved Statement of Requirements for the replacement of the CF-18s. Many thanks.

During the course of a telephone conversation on February 3 2011 with an official in the Directorate of Air Requirements, we understood that Col. David Burton, located within ADM (Mat), is in possession of detailed costing information that is being used to support the department's cost estimates for acquisition and support for the F-35. The official in question has been attempting to set up a meeting on our behalf with Col. Burton, and we understand from a subsequent telephone conversation on February 8th with this official that our request for a meeting is waiting for a decision from your office.

Rob, my office is on a schedule to release a financial paper on the F35 in about two weeks. It would great to have access to some of the expertise in your department.

Wishing you and your family the best

Kevin

From: ROBERT.FONBERG@forces.gc.ca [<mailto:ROBERT.FONBERG@forces.gc.ca>]
Sent: Wednesday, February 16, 2011 10:21 PM
To: Page, Kevin
Cc: MIEKE.BOS@forces.gc.ca <MIEKE.BOS@forces.gc.ca>
Subject: Re: F35

Kevin, we are checking into this and will try to get back to you tomorrow.

Best

Rob

Sent from my wireless handheld device / Transmis de mon appareil portable

From: ROBERT.FONBERG@forces.gc.ca [<mailto:ROBERT.FONBERG@forces.gc.ca>]
Sent: February 17, 2011 8:41 PM
To: Page, Kevin
Cc: MIEKE.BOS@forces.gc.ca
Subject: Re: F35

Kevin, further to my email reply of yesterday, can you please send me a written list of all the questions you would like answered so we can decide how to proceed. Many thanks.

Rob

Sent from my wireless handheld device / Transmis de mon appareil portable

From: Page, Kevin

Sent: February 18, 2011 4:33 PM

To: 'ROBERT.FONBERG@forces.gc.ca'; 'MIEKE.BOS@forces.gc.ca'

Cc: Khan, Sahir; Weltman, Peter; Yalkin, Tolga; Brown, Patricia

Subject: RE: F35

Rob

Many thanks for the email

The government announced its intention to acquire 65 F-35 Lightning II aircraft for \$9 billion, with maintenance and support costs estimated at \$250-300 million per year. With regards to the unit cost of the aircraft, DND has suggested that 'the current estimate is in the low-to-mid \$70M per aircraft. Canada is buying at the cheapest price point on the production curve.'

With respect to the \$9 billion acquisition cost, please provide a per unit cost and basis upon which the figure is arrived at with respect to:

- Aircraft
- Engine
- Modification:
 - o Drag chute for northern airfields
 - o Installation for probe-and-drogue refuelling system
- Research, development, testing and evaluation
- Initial logistics, consumable and capital spares
- Simulators
- Infrastructure
- Weapons
- Program management and contingency
- Any other relevant costs

With respect to the \$250-300 million per year, please provide a per unit cost and basis upon which the figure is arrived at with respect to:

- Operating and support
- Capital spares
- Ongoing research, development, testing and evaluation
- Upgrades (including software and hardware and a mid-life upgrade)
- Disposal
- Any other relevant costs

Please also provide:

- the projected delivery schedule for the aircraft
- the exchange rate forecasts used for the purpose of budgeting and an assessment of the impact this would have on price
- the estimated production volume at the time of Canada's first and last purchase
- the rate of production learner expected for the aircraft

- confirmation that all 65 aircraft will be in active fleet
- replacement and attrition forecasts and associated costs
- the inflation rate or index that is used to deflate costs

Rob, as noted earlier, we are working to release a PBO paper on the F35 over the next two weeks, so if it is possible to provide a response in a timely manner that would be much appreciated.

As always, wishing you and your family the very best

Kevin